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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

April 10, 2012

Certified Return Receipt
7011 0110 0001 3568 3254

Bruce H. Evans
Nephi Sandstone Corporation
P.O. Box 137
Nephi, Utah 84648-0137

Subject: Division Directive to Reclaim, Nephi Sandstone Corporation, Soma Quarry,
S/023/0065, Juab County, Utah

Dear Mr. Evans:

The Division of Oil, Gas and Mining requires that the Soma Quarry be reclaimed. Regrading and seeding must be completed by September 30, 2012. This requirement is being made for failure to maintain an adequate reclamation surety and because, according to the Division's records, the site has been inactive for approximately ten years. Rule R647-3-113.5 allows the Division to require reclamation after five years of continued suspension and requires the Division to order reclamation after ten years of suspension.

Nephi Sandstone has failed to provide an adequate reclamation surety for the Soma Quarry. On July 8, 2010, the Division was notified by Liberty Mutual Insurance Company through Moreton and Company that surety bond 965 008 065 would be canceled effective 90 days from receipt of the notice or October 6, 2010. The Division notified Liberty Mutual that they would be considered fully liable for all reclamation obligations incurred prior to the date of termination. The Division may make demand on Liberty Mutual to either reclaim the mine site or pay the full amount of the bond if Nephi Sandstone fails to fulfill its obligations.

A letter from the Division dated October 24, 2011, stated that the Division had received two cash payments totaling \$10,000.00 toward the required reclamation surety amount of \$24,600.00 or \$25,200.00, but no additional payments have been received.

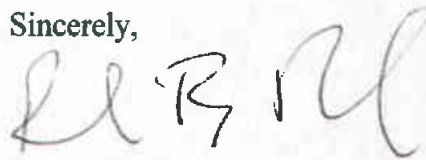
Failure to complete reclamation as required may result in additional enforcement action and forfeiture of the bond.



Page 2 of 2
Bruce Evans
S/023/0065
April 10, 2012

If you have questions or concerns about this letter, please contact me at 801-538-5261 or Wayne Western at 801-538-5263. Thank you for your cooperation.

Sincerely,

A handwritten signature in dark ink, appearing to read 'P. B. Baker', written in a cursive style.

Paul B. Baker
Mining Program Coordinator
Minerals Regulatory Program

PBB:whw:pb
cc: Jerry Mansfield BLM
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